

BLAME SPEYER & CO. IN 'FRISCO BOND SALE

Commerce Commissioners Say Road's Poverty Was Apparent.

SYNDICATES REAPED \$8,000,000 HARVEST

Receivership Due to Financial Juggling, Says Report Submitted to Senate.

(From The Tribune Bureau.)
Washington, Jan. 26.—Severe criticism, in the form of findings of fact, against the financial management of the St. Louis & San Francisco Railroad and the bankers who participated in the recent sale of bonds of the road, is contained in a report of the Interstate Commerce Commission submitted to the Senate to-day in response to a resolution directing an investigation.

"The difficulties of the 'Frisco,' the report recites, 'were of a financial and not of an operating character, as, despite the increase in the net operating income from \$2,322,138 for the year ended June 30, 1912, to \$1,477,457 for eleven months of the fiscal year 1913, the surplus of income available for dividends in 1912 was \$33,065, while on May 27, 1913, there was a deficit of \$1,089,315. Had it not been for book charges covering the loss on the operation of South Texas lines for eleven months of the fiscal year 1913, amounting to \$1,219,232, and amortized discount of \$94,222, there would have been a surplus of \$1,092,589, or an increase in surplus for the 1913 period over the year 1912 of \$761,534. The operating income for the eleven months of 1913 was \$3,365,278 greater than that for the full year of 1912."

"The sale of securities to the investing public," the report adds, "through the bankers at a time when every appearance indicated the insolvency of the issuing company, invites and warrants condemnation of all those who assisted or participated in such sale. Speyer & Co. should have been aware of the poverty of the 'Frisco' and of its difficulties in obtaining funds, as they advanced that company on April 24 \$725,000 on its demand note, and \$50,000 on its demand note dated April 25, and applied the proceeds of the sale of \$1,000,000 of these bonds on May 2 to the liquidation of those notes."

Road's Poverty Apparent.

The report asserts that the inability of the 'Frisco' to meet its obligations seemed to have been apparent for some time prior to the application for a receivership; that strenuous efforts were made by its officers to tide over financial difficulties from day to day; that money was borrowed from all available sources until every avenue of assistance was exhausted; that marketable securities being either sold or pledged as collateral under the numerous loans, and that notwithstanding this exhausted financial condition, the 'Frisco' sold to Speyer & Co., of New York, \$5,000,000 of its general lien 5 per cent bonds.

Financial operations, which included the acquisition of lines through syndicates, which profited to the extent of more than \$8,000,000, some of which was pocketed by the road's own officers, are cited as among the underlying causes of the trouble.

"The insolvency of the 'Frisco,' the commission finds, 'may be attributed to various causes:

"First. Disproportionate capitalization.

"Second. The acquisition of new lines.

"Third. The financing by the 'Frisco' of the New Orleans, Texas & Mexico Railroad and other South Texas lines.

"Fourth. The desire for an entrance into Chicago, resulting in the assumption of heavy fixed charges in the acquisition of the stock of the Chicago & Eastern Illinois Railroad.

"Fifth. The sale of its securities at prices so low as to indicate a deplorably weakened credit or an extravagant arrangement with bankers, to whom large profits accrued in the purchase of the bonds, and the subsequent sale of same to the public.

"Sixth. Miscellaneous causes, among which are the payment of dividends upon its preferred stock in spite of its weakened credit and need of money; poor investments and expensive rentals, among which are the investment in the New Orleans Terminal Company, stock in the Kirby Lumber Company and rentals paid the Crawford Mining Company.

Liabilities Beyond Reason.

The report shows that the funded debt of the railroad on May 27, 1913, when the receivership was ordered, amounted to \$24,630 per cent of the total capital liability, the total capital at that time amounting to \$295,823,932, of which only \$21,564,100 was capital stock and \$24,069,832 was funded debt, including equipment trust notes.

That the interest bearing liabilities of the 'Frisco' system exceeded the stock liability by 75 per cent, "and were wholly disproportionate when compared with the capitalization of other carriers, including those in the territory west of the Mississippi River," is asserted by the commission, which submits figures for eight selected railroads, showing the average ratio of funded debt to capital liability to be 53.65 per cent.

The acquisition through a syndicate operation of the St. Louis, Brownsville & Mexico Railway Company, the report says, represented a profit of 75.65 per cent on the subscription of each syndicate member. The syndicate was composed of ninety-nine members. A summary of the syndicate operations on properties sold to the 'Frisco and the profits of subscribers and trust companies is given in the report as follows:

"Oklahoma City and Western—Paid, \$2,967,049.95; profit, \$2,029,278.82.

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OIL INDEPENDENTS FIGHT RATE RAISE

Declare Higher Freight Charges Would Drive Them from Field.

STANDARD COMPANY ALONE BENEFITED

Interstate Commerce Commission to Hear Objections of Ice Shippers To-day.

Washington, Jan. 26.—Independent oil refiners of the territory east of the Mississippi River and north of the Ohio told the Interstate Commerce Commission to-day that they virtually would be driven out of business if the general 5 per cent freight rate increase demanded by the railroads was granted. They said the freight tariffs figured on the basis of that increase, and suspended by the commission pending hearings would directly benefit the Standard Oil Company at the expense of the independents.

The first day of the commission's hearings for shippers was given over to the petroleum industry. F. W. Boltz, of Cleveland, traffic manager of the National Petroleum Association, comprising about forty independents, presented tables of comparative rates under the present and proposed tariffs, contending that they showed discrimination against several cities where independent refineries were located. Mr. Boltz said he did not charge that they were framed for the benefit of the Standard Oil Company, though that was the effect in many instances.

Counsel for the railroads called attention to evidence given at previous hearings showing that the basis of the schedule was the New York-Chicago rate, increased 3 per cent, and intermediate rates figured from that.

The independent refiners—R. C. Pew, of Toledo, and T. W. Westgate, of Titusville, and L. W. Gotwals, representing a Philadelphia refining company, joined Mr. Boltz in maintaining that the proposed increase would more than wipe out the narrow margin of profit in export oil trade. They testified that the Standard Oil Company enjoyed advantages from its pipe lines and other sources which enable it to control the market, and that the price of crude oil from the Pennsylvania fields to independents had risen from \$1.90 to \$2.77 a barrel in the last twenty months, with no proportionate advance in sale prices.

George S. Patterson, general counsel for the Pennsylvania Railroad, made a statement for all the railroads interested, saying that they expected to present supplementary evidence in support of the advance as the hearing proceeded. This brought out a protest from C. D. Chamberlain, of Cleveland, attorney for the National Petroleum Association, who contended that the shippers had been given to understand that the railroads had closed their case. He stipulated that while the shippers were willing to proceed under such an arrangement, they reserved the right to make other formal protest.

SHAW TANGLE GROWING

Broker's Wife Planning to Bring Annulment Suit.

Mrs. Katherine Lyall Shaw, whose husband, Robert Marsden Shaw, a broker, is suing Richard S. Darling, president of the Acme Safe Company, for \$50,000 for the alienation of her affections, took the first step yesterday toward bringing suit for the annulment of her marriage. Being only eighteen years old Mrs. Shaw cannot maintain an action without a guardian, and so had Arthur E. Orban appointed as such by the Supreme Court.

The basis of Mrs. Shaw's suit will be that she was only seventeen when she married Shaw, and that therefore the marriage was invalid. The couple were married last May and Mrs. Shaw left her husband in December. In his suit against Darling Shaw alleges his wife left him at the suggestion of Darling and that she has been with Darling since December.

Mrs. Shaw was a guest at the hotel Martha Washington until last Saturday.

RED LIGHT SECTION TO GO

Congress Decrees Injunction Remedy for National Capital.

(From The Tribune Bureau.)
Washington, Jan. 26.—The passing of the "Red Light" district of the national capital was decreed to-day, when the House passed, by unanimous vote, the Kenyon bill, designed to close every resort in the city.

The bill, which has passed the Senate, directs the District Attorney to enjoin and abate as a nuisance every house occupied for immoral purposes. Both landlords and occupants are subject to injunction, and it is declared that the principles of the bill have worked successfully in nine states.

With the signing of the bill by the President the elimination of the segregated district will begin, and it is estimated that fully three hundred members of the underworld will be turned into the streets. Fifty-odd houses are subject to the injunction process, and a yearly rental of \$125,000 is involved in the crusade.

NO LINE ON LICENSES

Mitchel Still Undecided As To All Night Policy.

Mayor Mitchel said yesterday he would be able soon to announce his policy in regard to the granting of all night liquor licenses and allowing restaurants to keep open after 1 o'clock without them. He has been devoting much time to this problem. He said he had not heard that many restaurants had been disregarding orders to close at 1 o'clock.

"There has been no change of policy," he declared.

Crowd to Cruise in Rotterdam.

The Holland-America liner Rotterdam, largest of the company's fleet, which will arrive to-day from Rotterdam, will leave port at 1 a. m., February 2, for a cruise to the Levant, with 400 tourists, the biggest sailon passenger complement ever taken out of this port in one steamship.

The trip, which will be for seventy days, includes visits to Madeira, Spain, Algiers, Greece, Constantinople, the Holy Land, Egypt, Italy, the Riviera, Paris, London and Holland.

Among the passengers will be Dr. and Mrs. Samuel Pierson, Mr. and Mrs. A. L. Pope, Colonel and Mrs. Henry W. Sackett, Mr. and Mrs. Nathan B. Scott, Mr. and Mrs. J. C. Stubbs, Miss Patricia Adler, Charles R. Wells and Mr. and Mrs. Nicholas Power.



O'DANIEL NAMED AS POLICE DEPUTY

Commissioner McKay Appoints Curran Investigator, with Mitchell's Sanction.

The appointment of Edgar V. O'Daniel as Fourth Deputy Police Commissioner was announced yesterday by Police Commissioner McKay. Mr. O'Daniel is thirty years old, married and lives at No. 400 West 118th street.

He was graduated from the De Pauw University, of Indiana, in 1904. He played tackle on the college football team. After leaving college he was employed by the manufacturing firm of Parma & Co., a Missouri concern, and remained with it seven years. He then came to this city and worked as an expert accountant until he was made a member of the staff of the Bureau of Municipal Research.

"The appointment was made with my sanction, and after conference with me," Mayor Mitchel said yesterday. "Mr. O'Daniel has made a study of the compilation and report system as a member of the staff of the Curran police investigating committee. He made a good record. Since that time he has been engaged in the efficiency bureau in the reorganization at the Custom House. He has been appointed to do the necessary inside work at Police Headquarters. That work needs to be reorganized now, and I did not wish to delay the appointment of a man for it."

Mr. O'Daniel was assigned to the Bureau of Municipal Research, on the staff of which he was. He was paid out of the special fund given by John D. Rockefeller.

The new Deputy Commissioner will be sworn in to-day. When seen at his office, No. 56 Broadway, yesterday Mr. O'Daniel refused to discuss police affairs in detail, but said he had formed certain fixed ideas while representing the Curran committee at Police Headquarters.

When he was engaged in this work it was reported he had considerable difficulty in obtaining the information desired by the committee. The real stumbling block, it was said, was the orders issued by Police Commissioner Waldo.

HOTEL THIEF'S NEW GAME

Man Used Keys of Rooms He Had Once Occupied.

A rather unusual and easy method of robbing hotel guests was disclosed last night, when Harry Goodman was arrested at Sixth avenue and 57th street, charged with grand larceny.

Mr. and Mrs. William Noll, of Quincy, Ill., upon returning to their room in the Hotel Martineau last Monday afternoon discovered the loss of a velvet coat, fur and toilet articles. A purse and some jewelry on the dresser had not been touched.

George Waddy, hotel detective, and Police Detective John Boyle could get no line on the thief until last night, when they saw Goodman leaving a pawnshop. Waddy then recognized Goodman as a man who had occupied the room now used by the Nolls on January 19. He had registered from Chicago.

Goodman was taken to the West 30th street station. For some time he denied the robbery, but he weakened under questioning, and said he had entered the room by means of the key he had retained when he gave up the room. While he was making this confession L. C. York, of Kansas City, another guest of the Martineau, went to the station house and reported he had been robbed. Goodman admitted this, too.

The property of Noll and York was found later in a room formerly occupied by Goodman at the Hotel McAlpin.

WOMAN RESCUES WIDOW, 97

Fire in Apartment Hotel Causes Guests to Flee.

Fire, starting in the basement of the Rossmore, at No. 197 Waverley Place, last night, quickly spread alarm through the small apartment hotel, particularly in the room of Mrs. Euphemia S. Crumb, a widow, ninety-seven years old, living on the fourth floor.

Miss Mary Toole, a lawyer, living in the hotel, heard the aged woman's cries, and started to carry her downstairs, but, at the third floor, the smoke blinded her. Miss Toole called Mrs. Crumb on the landing and placed Fireman Sullivan, who was coming up the stairs. He carried Mrs. Crumb to the street.

On the second floor, in the apartment occupied by Mr. and Mrs. Elinor Barron, a dinner party was in progress. The guests made for the street. A number of art objects and curios, gathered from various parts of the world, were also in the apartment, but they were not endangered, for the firemen confined the blaze to the basement.

WILLS MILLION FOR PEACE

Ginn Assures Continuance of World Foundation Work.

Boston, Jan. 26.—The continuance of the work of the World Peace Foundation, established by Edwin Ginn in 1910, is assured by a provision of his will, made public to-day.

Mr. Ginn, who gave \$50,000 annually for the support of the foundation, bequeaths \$1,000,000 for the same purpose, the income to be administered by the trustees of the foundation.

MURDER STAYED BY PRISON IDEAL

Auburn Uplift Influence Makes Convict Shrink from Black Hand Vow.

WOULD NOT IMPERIL FREEDOM OF OTHERS

Thomas Mott Osborne Declares Good Conduct League Is Raising Moral Standard.

(By Telegraph to The Tribune.)

Syracuse, N. Y., Jan. 26.—A Black Hand murder has been prevented by the good conduct league in Auburn Prison, according to a statement of Thomas Mott Osborne, chairman of the State Commission on Prison Reform.

The case is that of an Italian who had been marked by the Mafia with a scar which, according to its laws, could only be wiped out by blood. The one who was responsible for the disfigurement was also confined in the prison. The marked man, who is a barber, had been biding his time to get even with his enemy, but the other day he told Mr. Osborne that he would not put the partial freedom of the fourteen hundred men in jeopardy by any rash act, and that so far as he was concerned he would not make any attempt to retaliate.

"The good conduct league, which is organized among the convicts to-day, is not something that outsiders have brought in, but something that they themselves asked for and instituted," Mr. Osborne says. "It came from themselves, and, having asked for it, they feel a responsibility for it."

"One wrong thing about the prison system is that it tends to deprive a man of his sacred individuality. You cannot reform men in a mass, and yet this is the way we have been going at it in the past. We have attempted to reduce all to a common level in all things. They are dressed alike, fed alike, and so on down the line, and the worst of it all is we have placed that level at that of the lowest of them."

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"One of the most noticeable things about the whole system is the great number of convicts that have no answer. Why the State of New York cannot furnish a tooth brush, a second towel or a change of underwear are questions that come under this head."

"The only confirmed criminal is the one that the state makes," Mr. Osborne continued. "We start them in our reformatory, then send them to the prison, and finally we send them up in prison. We must change the system, and this is not such a difficult thing to do. Instead of saying, 'You are a hopeless criminal,' we must lift them up, and that can only be done by letting them lift themselves. I have always thought that this plan would work out, and it is working out right along."

URGE ALL "GO TO CHURCH"

Five Religious Bodies Join Special Sunday Movement.

Plans for a "go-to-church" Sunday were adopted yesterday by five religious bodies in this city. Washington's Birthday was the day selected. On the special Sunday an effort will be made on the part of the churches co-operating not only to insure the attendance of all regular members but to enlist many from the ranks of the occasional churchgoers. Special services will be held.

The Presbyterian ministers of New York at a conference yesterday passed a resolution urging the observance of the rally Sabbath, and ministers of the same denomination in Staten Island and Far Rockaway will aid in carrying out the plan. Others who will join in the movement are the Methodist ministers and the Bronx Clergy and Laity League.

B. & M. NOTES EXTENDED

Time for Payment Put Forward to June 2.

Boston, Jan. 25.—Holders of \$8,000,000 of the \$10,000,000 of notes of the Boston & Maine Railroad, which are payable on February 2, have agreed to an extension of time until June 2. In consideration of this the company announces it will pay an additional three-fourths of 1 per cent, making 6 3/4 per cent, for the notes.

The extension, according to the company, is primarily to allow Samuel Carr, recently elected a director of the road, time to prepare a comprehensive financial system. Mr. Carr successfully reorganized the finances of the Oregon Short Line.

HONOR SYSTEM REJECTED

No Change Will Be Made at Columbia Examinations.

The faculty of Columbia College announced yesterday that it had decided not to establish the honor system for examinations in the college course, despite the fact that a number of the students had been advocating the institution of the plan for nearly a year.

This is the report which Dean Frederick P. Koppell made yesterday: "In view of the relatively large number of students who placed themselves on record as not in favor of the proposed change in this system, and of the still larger number who by their votes appear to be unwilling to take upon themselves the individual responsibility which the proposed change would involve, the faculty does not feel it expedient to consider at the present time the adoption of the proposed substitute for the existing system of examinations."

"JOY RIDER" IS CONVICTED

Chauffeur May Get Ten-Year Term for Auto Trip.

John G. Gilmore, a chauffeur, was convicted of grand larceny yesterday because he used his employer's automobile without permission. He was tried before Judge Ronan in General Sessions.

Gilmore was employed by Daniel Buckley, of No. 38 West 72d street. Using his employer's car, the chauffeur took a party of friends to Chinatown and Coney Island August 27, 1913. On the way back he crashed into a milk wagon on the Manhattan Bridge, and John Marius, one of his guests, was fatally hurt. The car, valued at \$1,600, was badly damaged.

Gilmore may get a ten-year term for his crime.

MAYOR LIKELY TO SELECT WILLIAMS

Mitchel Hopes to Fill Water Water Commissioner's Position Before Week End.

Mayor Mitchel said yesterday he hoped to be able to announce the appointment of a Commissioner of the Department of Water Supply, Gas and Electricity before the end of the week. The general impression is that the place will go to William Williams, former Commissioner of Immigration.

He was one of the first men thought of for this place, but the Mayor then got an idea that he might induce Commissioner Milo R. Malbie, of the Public Service Commission, to accept the appointment. Mr. Malbie has yielded to the advice of his friends, however, and decided to remain where he is.

Mr. Williams is a Republican, but has never been active in the organization. Born in New London in 1882, he was graduated from Yale in 1884 and the Harvard Law School in 1888. After four years in the law office of Simpson, Thacher & Barnum he became assistant counsel for the United States in the Bering Sea arbitration with Great Britain. A year later he opened his own law office here. In 1898 he went to the Spanish war with Troop 1, and became major of volunteers, assigned to the commissary department.

Mr. Williams was appointed Commissioner of Immigration at this post by President Roosevelt in 1902. He served for three years, and received a degree of M. A. from Yale for his work of reform in that office. At the request of President Taft he became Commissioner of Immigration again in 1909. He resigned when President Wilson took office.

The Metropolitan, the Century, the Riding and the University are among the clubs to which Mr. Williams belongs.

SEES NEW HAVEN NEMESIS

Barron Accuses C. S. Bird, but Denial Quickly Follows.

(By Telegraph to The Tribune.)
Boston, Jan. 26.—In closing his evidence to-day at the Public Service Commission's investigation into the New Haven Railroad's expenses during the season of the last Legislature, Clarence W. Barron said that Charles S. Bird, the recent Progressive candidate for Governor, was financially backing "The Boston Journal" in prosecuting the inquiry.

Walton A. Green, editor of "The Journal," denied that Bird had any stock in that paper or that he was influencing the investigation. All that Mr. Bird had done in connection with "The Journal" the witness said, was to lend \$50,000 to Mr. Hale's personal notes. This sum was about one-sixth of the money that went into the paper.

Sylvester Baxter, a writer, testified that he had written editorials and news articles while in the employ of the New Haven Railroad. He received \$500 a month from the road, he said, and was paid also by the magazines.

Frederick A. Wyman, Jr., brother of Bruce Wyman, who recently resigned his professorship in the Harvard Law School because of his connection with the railroad, said he received \$20 a week for arranging lectures on railroad subjects to be delivered by his father, Frederick Wyman, who also was paid by the New Haven road. Witness testified that Alvin L. Richards, a brother-in-law, who was formerly an instructor in the department of government at Harvard, was paid \$1 a day by the New Haven for work done by him.

Lake Shore Hasn't Sold Reading

A. H. Smith, president of the New York Central Lines, denied yesterday reports that have been current in Wall Street for several days, that the Lake Shore has sold its holdings of Reading stock.

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High-grade domestic weaves of decorative excellence, from our regular stock, at these substantial reductions.

\$43 Reversible "Kalliston" Rugs at \$24.50

Size 9 ft. x 12 ft. The designs include plain red, blue and tan centres with Greek Key border.

Body Brussels Rugs of Standard Makes

Size 9 ft. x 12 ft. Artistic chintz, self-colored and Oriental effects. Regularly \$28.25; at— \$22.75 Regularly \$32.50; at— \$25.50

Scotch Weave Wool Art Rugs

Size 9 ft. x 12 ft. The well-known "Mohegan" and "Inverness" qualities, in Two-Tone, Plain Centre and Chintz Effects. Regularly \$18.50; at— \$14.75 Regularly \$30.25; at— \$24.25

Smaller sizes at corresponding reductions.

"Imperial" Smyrna Rugs—Oriental Effects

6 ft. x 6 ft.; regularly \$11.75; at— \$8.50
6 ft. x 9 ft.; regularly \$15.50; at— \$11.25
7.6 ft. x 10.6 ft.; regularly \$24.00; at— \$17.25

FIFTH AVENUE & 47TH STREET